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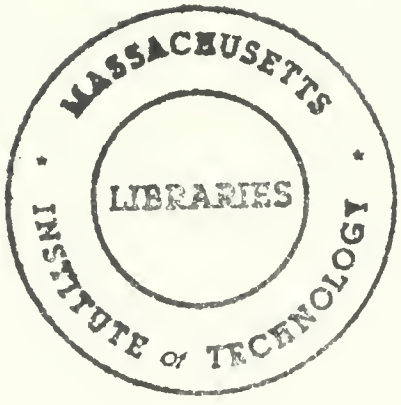
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Will the New Industrial Relations Last? Implications for the American Labor Movement

Thomas A. Kochan
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December 1983 SSM WP #1505-83

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Massachusetts Institute of Technology

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This paper was prepared for a forthcoming issue of the Annals of the American Academy of Political and Social Science devoted to the future of the labor movement. Portions of this paper were presented at an MIT/Union Leadership Conference held in Boston in June, 1983. The content of the paper draws on some of the findings emerging out of a collaborative research project studying "U.S. Industrial Relations in Transition" underway in the Industrial Relations Section at MIT. Funds for this project are provided by the Alfred P. Sloan Foundation, however, the authors are solely responsible for the contents of this paper.

Abstract

This paper reviews changes occurring in the U.S. industrial relations system at the workplace, in collective bargaining, and at the level of strategic decision making within business and labor organizations. By relating these current developments to longer term pressures on the post New Deal industrial relations system, we suggest that the system is undergoing fundamental transformation. To adapt to these changes unions will need to redefine their roles at the workplace by reorganizing work and fostering worker participation, adjust their wage bargaining objectives to promote employment continuity and compensation systems that are more closely tied to firm performance, and play a more direct and central role in business strategy decisions within the firm. These changes at the micro level of industrial relations are only likely to be successful if macro economic policies are reformed to provide a more supportive role for labor movement in society.

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Will the New Industrial Relations Last? Implications for the American Labor Movement

The industrial relations system in the U.S. has been changing in a number of important ways in recent years. The role of collective bargaining as a pace-setter in improving wage and benefits has been called into question by widespread wage, benefit, and work rule concessions negotiated in major industries since 1980. However, equally important changes have been occurring more quietly over a longer period of time both below and above the levels at which collective bargaining takes place. In the workshop, new, more flexible, forms of work organization and experiments in more direct employee participation and communications have emerged in nonunion firms and now are being introduced in some union settings as well. And above collective bargaining at the highest levels of managerial decision-making employers have designed and implemented policies that better integrate industrial relations practices with their strategic business objectives and that have the effect of putting labor unions on the defensive.

The significance of these developments is the subject of a growing debate among industrial relations practitioners and academic observers.[1] One side of the debate sees recent developments as simply another shift in the perpetual oscillation of power between labor and management which the U.S system is able to accomodate.[2] But some of us see these developments as markers of more fundamental and potentially lasting changes in the structure of the system itself.[3] This paper reviews the nature of the changes we have experienced, outlines those that we believe are likely to have a

lasting effect on the industrial relations system, and explores their implications for the labor movement.[4]

The Characteristics of the New Deal Industrial Relations System

To appreciate the strains which the system is now under, it is necessary first to identify several key characteristics of the New Deal, and post World War II industrial relations system. Four characteristics of this system are central to interpreting current changes.

First, the enactment of the National Labor Relations Act (NLRA) and the subsequent mass organizing of major industries on an industrial unionism model produced an expectation that unions and collective bargaining would have a more permanent place at the workplace than the older craft unions operating without supportive legislation were able to attain. Collective Bargaining was expected to spread to larger numbers of skilled and unskilled workers as unions organized new establishments on a plant by plant basis using the election procedures to replace the violent conflicts associated with union organizing efforts in the past. Once unions were recognized, the employer's continuous duty to bargaining beyond the life of any single contract meant that collective bargaining could survive future recessions in ways many craft unions failed to do prior to the Depression.

Although few employers transformed their philosophical opposition to unionism, most responded to the new environment in a pragmatic fashion by adapting to unions and collective bargaining and strengthening their ability to manage effectively within the system. The majority of large firms took steps to professionalize their industrial relations function and to recoup any increased costs

associated with collective bargaining by more efficient management.[5]

Second, in return for acceptance of a union role in setting wages, hours, and working conditions, the principle was established that "management acts and workers and their unions grieve" based on the specific and increasingly detailed rules contained in bargaining agreements governing various aspects of the employment relationship and organization of work. At the management decision-making level this meant that managerial prerogatives to make basic business decisions were protected and the union's role was to negotiate through collective bargaining over the impact of these decisions on the workforce after the decisions had been made. At the workplace level this meant the growth of what has come to be known as "job control unionism". This system entails highly articulated and sharply delimited jobs assigned to a particular worker and surrounded by complexes of specific rules, customs, and precedents concerning how the work is to be done and the obligations of the workers to the employer. Strict lines of demarcation separate jobs within the bargaining unit from work performed by supervisors or work belonging to members of other units. Current income is controlled by attaching a particular wage rate to each specific job. Unions control career income by seniority rules governing the allocation of internal job vacancies among candidates for promotion. Job security is maintained by a set of rules which determine who gets laid off, and how the remaining work is allocated among the labor force. Industrial democracy is reduced to a particular form of industrial jurisprudence in which work and disciplinary standards are clearly defined and fairly administered and disputes over the application of rules and customs are impartially adjudicated. The workings of this system

require that jobs are unambiguously defined and changes in job definitions and work assignments sharply delimited; if this is not the case, it is meaningless to attach specific wages and employment rights to each job and the governing rules and customs become too ambiguous to be effectively administered through the grievance procedure.[6]

A third characteristic of the post New Deal industrial relations system lies in the macro economic theory that helped to justify collective bargaining and wage policies that guided negotiators. This theory can be traced to the underconsumptionist view of the Great Depression and the importance of an expanding market for production. The underconsumptionist view, in brief, held that the Depression was caused by a failure of purchasing power to keep pace with the productive capacity of the growing mass production industries. This was cured by the Keynesian fiscal policies and the subsequent government demand for war material and after World War II by sustaining the purchasing power of consumers and developing export markets through the reconstruction of Western economies. Union policies that increased wages in collective bargaining could be compatible with this strategy as long as markets continued to expand and productivity continued to increase. Furthermore, stability in collective bargaining could be achieved as long as unions were successful in organizing a sufficient part of the market and spreading a standard wage across the market to "take wages out of competition." Thus, during World War II, the War Labor Board promoted industry comparisons as a central wage criterion and after the war the famous auto industry formula for 3% plus cost of living became a standard for other unions to try to emulate. The 3%

represented the long term rate of productivity growth for the economy. The use of this general formula therefore insured that national purchasing power would expand at about the same rate as productive capacity.

A fourth characteristic of the system was a political environment in which unions represented a progressive force in American society. The labor movement staunchly defended the principles underlying the free enterprise system and rejected (as it had historically) a fundamental transformation of that system. But it also actively lobbied for labor and social legislation that benefited both organized and unorganized workers. Labor's program included support for social security, minimum wages, equal employment opportunity, voting rights, safety and health, national health insurance--issues that not only extended beyond the narrow interests of collective bargaining but that also created a floor of social benefits and thereby narrowed the gap between the labor costs of union and nonunions firms.

Pressures on Industrial Relations

The changes our industrial relations system are now experiencing are the culmination of pressures that have been building up for more than a decade on the characteristics reviewed above. The most important source of pressure, and an important industrial relations development in its own right, has been the decline of union coverage in the private sector of the economy, a trend documented more fully in other papers in this volume. The factors that account for this decline are diverse and represent a mixture of structural shifts in the economy and the labor force and a shift in employer strategies. It is this latter cause that is most significant to our

understanding of the current transformation in employer behavior in industrial relations.

While from the 1930s through the 1950s employers generally adapted their industrial relations practices within the framework of collective bargaining, a new managerial resistance to unions appears to have developed gradually in the 1960s and acquired momentum in the 1970s. By the latter half of the 1970s "union avoidance" had become a coherent, publicly articulated strategy in many firms. Some firms adopted a more aggressive approach to countering union organizing drives culminating in a ten fold rise between 1957 and 1975 in employer convictions of violating the NLRA by discharging union supporters during union representation elections.[7] Employers did not revert to the violent tactics of the pre 1930s era, but they did reinstate such historical tactics as the firing of union activists, and invented new methods of frustrating union organization which operated within the postwar institutional structure such as delaying the election process, and bargaining to impasse to frustrate attempts at negotiating first contracts in situations where unions won elections. Other firms sought refuge in opening new non-union plants in the South or in other rural areas where the social and political climate for unions was less hospitable. Still other firms followed a more comprehensive strategy of developing sophisticated human resource management systems at the workplace designed to minimize the incentives for workers to organize.[8] This latter strategy generally involves (1) paying wages that are competitive in the local labor market but somewhat below the unionized rates in the industry or company; (2) maintaining flexibility in way work is organized to avoid the narrow design of jobs and the detailed work

rules associated with job control unionism, and (3) encouraging high levels of communication, involvement, commitment, and motivation of individual workers. By emphasizing broad banded jobs with few job classifications, fewer work rules governing job assignments and transfers, and more active training programs, many large non-union firms have been able to manage their internal labor markets in a way that requires fewer temporary layoffs. Their labor costs are kept lower, and they have the ability to better adjust to changing technologies and markets.

As a result of these developments, we now have a significant age gap between the union and nonunion sectors of the private economy. Unions are concentrated in the older more mature industries that grew up in the 1930-50 time period, in the older firms competing in these industries, and in the older plants of these firms. In one typical large conglomerate with more than eighty plants in the U.S., for example, the average age of union plants is 44 years while the average age of nonunion plants is 18 years.[9] Moreover, few workers are organized in the computer and related high technology industries that have emerged since the 1960s.

The growth of nonunion competition and work systems interacted with a deteriorating political environment for labor unions over the decade of the 1970s and the initial years of the 1980s. Corresponding to its relative decline in union membership was a decline in the labor movement both as an active force within the Democratic Party and in national legislative politics. While the decline can be traced back at least as far as the choice of George McGovern as the Democratic nominee for president in 1972, the most symbolic event of labor's declining influence was its loss in the

battle for labor law reform in 1977-78. The determined and successful opposition of the business community to labor law reform demonstrated that the majority of business leaders no longer accepted collective bargaining as the normal or preferred means of setting wages, hours, and working conditions in American society.

Similar deterioration in the economic environment for collective bargaining resulted from the general increase in competitive pressures felt by unionized employers in recent years. Increased competition arose from a variety of different sources including the recession of 1980-82, the deterioration of the United States' position in world markets, deregulation in the trucking and airline industry and the gradual rise in domestic nonunion competition noted above.

This economic climate, however, is also the product of American politics. The recession was the creation of the Federal Reserve Board and its policy of high interest rates. The high interest rates have in turn driven up the value of the dollar relative to other currencies and maintained it over a three year period at levels unknown in previous decades.[10] The gains in the dollar value and the resultant increase in the price of our goods relative to those of our competitors is thus more than equal to the value of the concessions in the steel and auto contracts under even the most extreme assumptions about what they are worth. The concessions are, in other words, merely compensating for the cost effects of domestic economic policy. The same effect might have been achieved at no expense to the unions or the industrial relations system through Federal reserve policy, either in the domestic market to bring down interest rates or in international currency markets to stabilize the

dollar at a different level.

Another factor responsible for the deterioration of our competitive position has been the competition of the newly developing third world countries directly and indirectly through the pressures they have created on our principle industrial competitors, particularly Japan. Here too, American politics has intensified this competition: Most of these third world regimes have pursued a low wage, low consumption policy, not only through their monetary and fiscal policies but also through the direct supression of worker organizations. The United States has encouraged them in these ends both by lending support to overtly suppressive political regimes and by support for the International Monetary Fund policy which imposes as a condition for debt refinancing even more restrictive domestic economic policies. Finally, of course, industry deregulation is itself a public policy. There have been variations in the intensity with which these various policies have been pursued in recent years; they have been harsher under the Reagan administration than under the Carter administration, but there has been a basic continuity in the thrust of policy under both administrations.

Accompanying this general increase in competitive pressure has come several important changes in the structure of markets. One argument developed in a forthcoming study, is that there is a general movement in the world economy away from mass production markets and technologies oriented toward producing standardized product with long production runs.[11] Three factors account for this development: (1) the saturation of world markets for consumer goods and the failure of third world markets to be developed in a way that promotes market expansion, (2) the diversion of investment away from

standarized, mass produced goods in favor of more specialized markets because of instability and uncertainty that pervaded the economic environment of the 1970s, and; (3) the growth of new computer based technologies that reduce the cost of flexible production techniques. The net result of these market and technological changes on industrial relations is that the strict forms of job control unionism as exemplified by comprehensive and detailed collective bargaining agreements and tight, narrow job classifications become more costly and burdensome. To the extent this is the case, the more flexible forms of work organization found in the newer nonunion systems have a logic that goes considerably deeper than a simple union avoidance motive.

Current Responses in Industrial Relations

The 1970s will go down in American labor history as a decade in which the pressures for change were building gradually within the unionized sector of the American economy but the parties to collective bargaining did not respond accordingly. Instead, the patterns of behavior built up during the post World War II environment of economic growth and expansion of world markets continued to dominate the behavior of management and union officials and the process and results of collective bargaining. Consequently, during the 1970s a gap developed between the internal practices of management and unions and external environmental pressures. In contrast, the 1980s are destined to be characterized as a time of turmoil, experimentation, and testing of new approaches in search of ways of coping with an increasingly competitive environment. We will now turn to a discussion of how employer and union practices in collective bargaining, at the workplace, and at the level of

strategic decision making are changing in the current period.

Changes in Corporate Industrial Relations Practice

Labor relations managers have lost considerable power within the corporate decision making process. Because of their concern for with maintaining stable and peaceful union-management relations, throughout the 1960s and 1970s they discouraged aggressive attempts to change work practices and adherred to established wage and fringe benefit formulas or patterns, and did not readily accept the need to involve workers and unions in efforts to improve the quality of working life and productivity.[12] Instead they remained focused on traditional collective bargaining activities and responsibilities. Meanwhile, a new group of human resource management professionals emerged that was more responsive to the pressure upon business eminating from the growth of government regulations, the increase in the demand for managers, professionals, and technical employees, and the increasing interest in union avoidance among top executives. They were conversant with different types of planning, behavioral-science based innovations in work organization and personnel systems, and organizational-change techniques that now form the foundation for non-union human resource management systems. These new specialists generally do not share the commitment to collective bargaining that many of their labor relations counterparts developed over the years as they worked with unions. This shift in power within management laid the foundation for the current transformation in the management of industrial relations in many firms.

The nature of this transformation can be seen in several ways. For example, the economic crisis facing many companies has

highlighted the link between overall business policy and strategy and industrial relations and collective bargaining. New demands for concessions from unions, coupled with countervailing union demands for greater information sharing, are forcing a closer link between investment (and other basic business decisions) and the industrial relations function. This in turn is calling on industrial relations and human resource management professionals to engage in more long-term planning and strategic analysis of alternatives for reducing labor costs and increasing productivity and is forging a closer link between operating managers and labor relations and human resource specialists. Thus, a wider group of managers have often been part of the planning and development of strategy for contract negotiations than in the past.

Another development of significance has been the high level of visibility given to worker participation and involvement in Japan and in some highly successful, nonunion American companies. These models have caught the attention of many top executives outside of the industrial relations function. They have spurred corporate efforts to develop new patterns of communication and involvement with individual employees and in small groups to both improve employee commitment to the firm and to increase productivity. Again, the skills and techniques required to implement this strategy require active cooperation between organizational development and traditional industrial relations professionals. In short, the role of industrial relations within many corporations is undergoing fundamental change as companies search for new strategies that link their industrial relations performance to the larger business strategies of the firm and to efforts to reduce labor costs, increase productivity, and

enhance the commitment and participation of individual workers.

Changes in Collective Bargaining

The major changes occuring in collective bargaining are easily summarized because of their high visibility. The rate of increase in major collective bargaining agreements in 1982 was 3.6% compared to an average of 9.8% for calendar year 1981 and continued to decline to less than 1% in the first half of 1983. Furthermore, 43% of the workers covered under contracts negotiated in 1982 provided for no wage increase in the first year and 35% provided for no wage increase over the term of the agreement.[13] A Business Week survey further showed the breadth of "concession bargaining". Fully 36% of the firms it surveyed reported negotiating wage and/or work rule concessions from its unions in 1982[14].

Perhaps even more significantly, 1982 brought about a renewal of plant specific bargaining over work practices, particularly over the scope of job definitions and classifications, rules governing the movement of people across jobs through bidding and posting procedures and bumping rights, general plant practices that affect the flexibility and the use of human resources, and payment for time not worked.[15] These all represent efforts to gain control over manufacturing costs, reduce compensation differentials with nonunion competitors, and achieve greater flexibility in the allocation of human resources.

While these changes in bargaining outcomes are important, changes of equal and perhaps more long lasting importance have occured in the structure and process of negotiations in some key industries. In bargaining relationships facing the severest competitive pressures there has been a shift away from longstanding

pattern bargaining or centralized bargaining arrangements and an increase in emphasis on the company or plant specific profits or financial prospects. In other cases employers have begun to communicate more directly with employees by providing information on costs, profits, and the state of competition. As one-time events, these changes are not likely to have lasting significance. Where, however, they are combined with ongoing efforts to modify workplace practices and involve individual and small groups of employees more directly in problem solving at the workplace, they may produce new forms of plant level industrial relations.

Workplace Level Changes

The increasing attention paid to the involvement, commitment, and participation of individual workers and work groups in task related decisions has resulted from both the corporate strategy efforts reviewed above and the efforts to bring about changes in work rules and practices at the plant level through collective bargaining. Indeed, while a number of quality of working life (QWL) or related worker participation efforts were started in the late 1960s and early 1970s, most of them deemphasized productivity issues and separated QWL efforts from the collective bargaining process and relationship. Current participation efforts, however, are more directly addressing issues affecting work organization and productivity and in some instances are fostering innovations that are at variance with the provisions found in bargaining agreements.[16] For example, where QWL programs grapple directly with production problems, they frequently get into issues involving the scope of jobs and provisions for moving workers across jobs. This affects the role of seniority, compensation and job evaluation systems, and promotion,

transfer, and bumping rights of different workers. Thus, QWL programs serve in some cases as another vechicle for employers to achieve the type of broad banded jobs and higher degrees of flexibility in the assignment and utiliztion of people that are associated with the forms of work organization found in many newer non-union firms.

Labor Union Responses

Union leaders are responding to these employer initiated changes in a variety of different ways, some of which expand their roles at the levels of industrial relations below and above collective bargaining. Thus, these new forms of union participation also represent potentially significant departures from traditional patterns and principles.

At the workplace level of industrial reltions, a number of unions are currently participating as joint partners with management in quality of working life efforts. Workplace participation efforts entail a "mixed bag" of risks and opportunities for local unions. Union leaders can play important roles in setting the stage for, designing, and administering participation programs and thereby attempt to integrate them into their representional role at the workplace. On the other hand, over time, these efforts are likely to build higher worker commitment to the firm, challenge existing work rules, and fashion new work organization arrangements. If this occurs, local unions will find it necessary to modify their traditional roles at the workplace and adjust to the increased flexibility and variation in practices that eventually result from greater worker involvement.

While more union leaders are actively participating in these programs now than was the case in the 1970s, a large number of union leaders still remain quite skeptical. How labor leaders sort out or interpret these experiences will have an important bearing on the role unions will play at the workplace in the future.

At the levels of strategic decision-making where employers make basic investment and resource deployment decisions, the emerging picture for union leaders is one of experimentation. While U.S. unions have historically been reluctant to follow the German model of formal representation on boards of directors, there is now a good deal of open discussion withing the American labor movement of the advantages and limitations of seeking to represent workers' job security and financial interests at the strategic level of the enterprise or industry.[17]

There are, however, only a very limited number of actual cases where unions are represented on company boards. However, there is considerable movement in some sectors toward a more uniquely "American" style of union influence in strategic decision making. Some U.S. union leaders are being brought into management councils for briefings and discussions about the direction of the business and its implications for the union's membership base. An increasing number of unions are now receiving information about the financial performance, maintenance programs, and investment plans for specific plants. Other unions are demanding an earlier and more meaningful role in decisions involving the design and introduction of new technology. All of these recent developments represent a testing and gradual movement by some U.S. unions toward a greater involvement at the strategic level of business decision making.

Internal Contradictions in American Industrial Relations

Despite the examples cited above where unions and employers are searching for new ways of relating to each other at the different levels of their relationships, the predominant pattern found in the U.S. firms across these levels is still one of internal contradiction. For example, many companies that have experienced significant diversification and growth in the 1960-1980 time period now find themselves following a very aggressive and sophisticated strategy of union avoidance both at the corporate level and in new plants while at the same time in older plants negotiating concessions from unions and encouraging the development of labor-management cooperation and worker participation. Thus the broad corporate strategies decided at the highest level of the firm contain many elements of a very adversarial approach while seeking to overcome adversarial relationships at the level of the plant. While only a few unions have been able to exert enough pressure to force these diversified firms to abandon their union avoidance strategies, many unions are cooperating with plant level efforts at employee involvement. It is difficult, however, to see how long cooperation can last at the workplace in the face of a union avoidance strategy at the corporate level.

Conversely, in several highly unionized companies that have accepted the reality that new facilities are likely to be unionized, there is general agreement among top management and union officials on key strategic issues and on the need for labor cost moderation, but the level of conflict and distrust at the plant level between workers and plant management and the gap in expectations between union leaders and the rank and file remains quite large. Thus, some

relationships now evidence a higher level of institutional accommodation between the top management and union representatives than exists among workers, managers, and union leaders at the workplace.

Implications for the Labor Movement

If we are correct in suggesting that some of the changes summarized in this paper will last beyond the current economic crisis, then unions and employers will not be able to simply revert to their former practices and relationships when the economic climate improves. Instead, the search for a more coherent set of practices that might justify the label of a "new" industrial relations system will need to continue. While it is too early to predict the exact form the new system might take, the various experiments now underway suggest at least several features that could help cope with the pressures on the system.

At the very micro level of workplace industrial relations it is clear that union leaders will need to be active in joint efforts with employers to bring individual employees more directly into the process of communications, decision-making over shop-floor issues that affect their jobs, and in the adaptation of current rules to the demands for more flexible and productive work systems. To make these adjustments successfully, unions will need to redefine their role at the workplace from one that seeks to represent their members' interests mainly through enforcement of specific contract terms to one that provides access to the information and the power workers will need to effectively influence their work environment and enhance their careers. These union efforts at the workplace will be needed to help produce the productivity and quality gains and cost controls

that will be needed to support a high wage industrial relations system.

At the level of collective bargaining, it is clear that unions will need to live with some variations in labor costs among competitors. The inability of unions to take wages out of competition is unlikely to dissappear in the short run barring some major upsurge in union organizing successes. This imples greater reliance on various forms of contingent compensation, i.e., compensation systems that tie wage and benefit cost increases to some measure of the economic performance of the firm. Thus, various forms of profit sharing, employee stock ownership plans, productivity gains sharing, etc. are likely to grow in importance in the future. Similarly explicit bargaining over employment continuity is likely to play a more central role in collective bargaining as unions seek some additional quid pro quos for lowering workers' expectations for wage increases.

If our analysis of the importance of high level strategy decisions made by managers far removed from the collective bargaining table is correct, American union leaders will have little choice but to abandon their traditional acceptance of the doctrine that management's job is to manage and the union's job is to negotiate over the impact of management actions through collective bargaining. Instead, union leaders will need to continue to press for more access to and involvement in high level management planning and decision-making before, not after, the fact.

Finally, while changes in union strategy at these three levels of industrial relations activity within the firm are necessary conditions for the development of a viable new industrial relations

system, they will not be sufficient to support a stable new system without equally fundatmental changes in broad macro economic and political policies. The history of the labor movement over the course of his century suggests that periods of union growth and resurgence do not come about without the active aid of government through legislative changes needed to foster new forms of union management relations. The New Deal legislation was necessary for the birth and continuity of the industrial union model of collective bargaining. Public sector legislation was necessary in the 1960s for the growth and continutiy of unions and bargaining among local, state and federal employees. Likewise without significant changes in the legal environment that effectively neutralize employer opposition to union organizing and without a more favorable macro economic policy that can make possible a return to an expanding domestic and world economy, new initiatives at the micro level of industrial relations are unlikely to significantly benefit the labor movement and the workers unions currently, or could potentially, represent.

What is being suggested here is not a prediction of future events but rather a set of views drawn from our work and that of our colleagues that suggest a modified industrial relations system that is better attuned to the current and future economic and technological environment. What is missing, however, is a pragmatic strategy for this new industrial relations system to be achieved. In the absence of such a strategy not only the American labor movement, but also American management, indeed American society in general, will continue to live with an industrial relations system that is caught up in a state of internal contradictions incapable of either returning to the old order or turning the vision of a new system into a reality.

Footnotes

1. See, for example, the 1982 Presidential address to the Industrial Relations Research Association by Milton Derber, "Are we in a New Stage?" Proceedings of the Thirty fifth Annual Meeting of the Industrial Relations Research Association (Madison, WI: Industrial Relations Research Association, 1983), 1-9.

2. See, for example, John T. Dunlop, "Working Toward Consensus," Challenge, 25: (July/August, 1982), 26-34; or Daniel J.B. Mitchell, "Recent Union Contract Concessions," Brookings Papers on Economic Activity, 1: (1982), 165-204.

3. Thomas A. Kochan, Robert B. McKersie, and Peter Cappelli, "Strategic Choice and Industrial Relations Theory and Practice," Industrial Relations, forthcoming, 1984.

4. We should note that we are not contending that the "old" industrial relations system has completely collapsed and been replaced by a completely "new" system that will have no resemblence to the past as economic conditions improve. Indeed, the parties have taken steps to accommodate to current economic pressures in ways that preserve the option of reverting back to past patterns if conditions permit. Thus, for example, the wage increases due under the 3% annual improvement factor in autos were "postponed" not eliminated. The cost of living allowances due in steel and many other major contracts were "temporarily suspended" or diverted to other uses, not eliminated. Quality of working life and work reform efforts were introduced first as "experiments" and only in a minority of instances

have they now been institutionalized as a regular part of the ongoing bargaining relationship. Thus previous practices could be restored in a more favorable economic and political climate. The resurgence of such a climate is, however, very problematic.

5. Sumner Slichter, James J. Healy and E. Robert Livernash, The Impact of Collective Bargaining on Management (Washington: The Brookings Institution, 1960).

6. It should be noted, however, that this system of work organization predates the rise of industrial unionism and can be best understood as an adaptation to the technology and managerial practice which American industry had developed for the mass production of standarized goods. Work had previously been broken down into a discrete set of clearly defined jobs by industrial engineers, following the "scientific management" pracitices; wage determination had already been linked to these specified jobs through time-motion studies and job evaluation; many of the work standards, disciplinary procedures, and appeal processes had already been codified and formalized in the attempt of high level management to assert control over foremen and workers. Thus unions found many of these mechanisms already in place and sought to insure conformity with established principles in order to curtail favoritism and capriciousness in management. In so doing, they were drawn into a pattern of incrementally expanding upon these rules to further enhance job security through enforcement of contractual rights.

7. Paul Weiler, "Promises to Keep: Securing Workers' Right to Self-Organization under the NLRA," Harvard Law Review, 96:1780, (June, 1983); See also, Janice A. Klein and David Wanger, "The Legal Setting for the Emergence of the Union Avoidance Strategy," (Paper presented to the MIT/Union Conference, Boston, June, 1983).

8. Anil Verma and Thomas A. Kochan, "The Growth and Nature of the Nonunion Sector Within a Firm," (Paper presented to the MIT/Union Conference, Boston, June, 1983).

9. Ibid., p.12.

10. The New York Times, June 18, 1983, p.D1. See also, Charles L. Schultze, "Industrial Policy: A Dissent, The Brookings Review, Fall, 1983, p.5 and C. Fred Bergsten, "The United States and the World Economy," The Annals 466: (March, 1982), 16-17.

11. Michael Piore and Charles Sabel, The Second Industrial Divide (London: Cambridge University Press, forthcoming, 1984).

12. See Audrey Freedman, Managing Labor Relations (New York: The Conference Board, 1979).

13. Bureau of Labor Statistics News Release on Major Collective Bargaining Settlements in the First 6 Months of 1983, July 28, 1983.

14. "Concession Bargaining," Business Week, June 14, 1982, p. 66.

15. Thomas A. Kochan and Harry C. Katz, "Collective Bargaining, Work Organization and Worker Participation: The Return to Plant-Level Bargaining," Labor Law Journal, 34: (August, 1983), 524-29.

16. Thomas A. Kochan, Harry C. Katz, and Nancy Mower, "Worker Participation and American Unions: Threat or Opportunity?" Paper presented to the MIT/Union Leader Conference, Boston, June, 1983).

17. See for example, John C. Joyce, "Collective Bargaining: Codetermination and Worker Participation," Paper presented at the International Labor Organization Symposium on Worker Participation, The Hague, May, 1981. See also, Robert B. McKersie, "Union Involvement in Entrepreneurial Decisions," Paper presented at the MIT/Union Leaders Conference, Boston, June, 1983.

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